

VZCZCXRO0632
PP RUEHLMC
DE RUEHDR #0573/01 1091353
ZNR UUUUU ZZH
P 191353Z APR 07
FM AMEMBASSY DAR ES SALAAM
TO RUEHC/SECSTATE WASHDC PRIORITY 5968
INFO RUEHKM/AMEMBASSY KAMPALA PRIORITY 2981
RUEHHK/AMEMBASSY KHARTOUM PRIORITY 0059
RUEHNR/AMEMBASSY NAIROBI PRIORITY 0608
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUEHLMC/MILLENNIUM CHALLENGE CORP MCC PRIORITY
RHMFIUU/CJTF HOA//J3 PRIORITY

UNCLAS SECTION 01 OF 04 DAR ES SALAAM 000573

SIPDIS

SIPDIS

PLEASE PASS TO F FOR M MCBREARTY
ALSO TO AF/E FOR D MALAC,B YODER AND R MEYERS

E.O. 12958: N/A

TAGS: [PREL](#) [EAID](#) [PGOV](#) [TZ](#)

SUBJECT: TANZANIA: SCENESETTER FOR AMBASSADOR TOBIAS' MAY
2-6 VISIT

¶1. (SBU) SUMMARY. The U.S.-Tanzanian bilateral relationship has witnessed a sea change over the past two years. With the election of a charismatic, pro-western President, and increasing levels of U.S. assistance, cooperation has expanded in areas ranging from health and education to counterterrorism and military affairs. As a nascent democracy with an impressive record of peaceful political transition, Tanzania is an anchor of stability in a turbulent region. Despite daunting challenges -- HIV/AIDS, poor infrastructure, corruption, and political stalemate in Zanzibar -- the Government of Tanzania (GOT) is clearly committed to furthering both economic development and democracy. Providing more than USD 280 million in direct assistance to the GOT, the Mission aims to advance several strategic priorities such as enhancing Tanzania's counterterrorism capability and strengthening the checks and balances of Tanzania's democracy. END SUMMARY.

Political and Economic Background

¶2. (SBU) In 1992, Tanzania opened the door to multi-party democracy, transitioning from a single party, socialist state. Under the stewardship of former President Mkapa, fundamental macro-reforms were introduced and Tanzania began its transition toward free-market capitalism. With the landslide election of President Kikwete in 2005, Tanzania underwent its third peaceful transition to a new President. Taken together, political and economic reforms introduced since 1992 have made Tanzania an example of peace and stability in the region.

¶3. (SBU) Formidable challenges remain. Located in a turbulent neighborhood, Tanzania has eight porous borders and a 1,500 kilometer coastline. Infrastructure remains rudimentary, red tape and corruption impede private sector development, and HIV/AIDS prevalence hovers around seven percent. While elections on the Mainland have been free and fair, Tanzania is still a state dominated by the executive branch and the ruling Chama Cha Mapinduzi (CCM) party. In Zanzibar, serious irregularities and sporadic violence marred elections in 1995, 2000, and 2005.

¶4. (SBU) While Tanzania has achieved major macro-economic reform over the past decade, macro stability has yet to translate into significant gains at the micro level. More than one third of Tanzanians live in abject poverty and per capita GDP is USD 340. In 2006, the Tanzanian government had to revise its growth forecasts downward (from 7.2 to 5.8

percent) due to a food shortage and an ongoing power crisis. The lack of electricity, coupled with rising oil and food prices, caused inflation to increase from approximately 4 to 7 percent. Tanzania's oil import bill quadrupled and its business climate suffered set backs. In 2007, with good rains and new leadership in the energy sector, economic forecasts suggest a growth rate of 6-7 percent is achievable.

U.S.-Tanzanian Bilateral Relationship

15. (SBU) With the election of President Kikwete in December 2005, U.S.-Tanzanian bilateral relations have warmed significantly. President Kikwete's pro-western stance, coupled with an increasing level of U.S. assistance, has [o7?Q\$m